

The basic perspective on which all other aspects must be considered is that the USA is the only nation in the world that taxes its expatriate citizens on income earned in their home country (Eritrea merely asks its expats for 2% contribution). The courts has said it is legal, but one must ask why expats are then saddled with blatant inequality in what they must do to fulfil what has become an almost vindictive system.

Vindictive may seem a strong word yet take for example the very simple financial choice of owning stocks in a mutual fund that any US resident takes for granted. An expat must fill out a form for each fund that the IRS admits, without apology, takes 42 hours per year per fund. There is no justifiable reason for this onerous burden and so anyone who lives outside the US chooses not to own mutual funds (upon realising that the form is exists and fearing a \$10,000 penalty because its expected submission is poorly advertised).

Another comparative example, of which there are many, is comparison between a residents 401K and how the equivalent in Australia is treated. A US resident can provide for his retirement without any serious tax burdens, which is an incentive not to draw from public coffers upon retirement. The same retirement account in Australia is taxed yearly at marginal rates even though the investment gains are unrealised (cannot be accessed until retirement just like a 401K). Worse yet, the 15% tax that is paid to Australia on those yearly gains cannot be used as a tax credit by the individual. Worse still, the supposed gain is calculated by simple unit price differences between January and December, without any ability to claim for losses. If I gain 10% fund value one year I pay tax on it. If I then lose 10% the next year and subsequently recover that 10% in the third year I am again taxed on the same gain. What sensible accountant would consider that anything but irrational and vindictive under all similar rules applied to US residents? The tax treaty should address such issues but the savings clause allows the US to do anything it wants.

US expats typically have no issue with paying taxes and filling out reasonable forms, even though they are the only people in the world who have to do so. Even the FATCA and FBAR duplication is tolerable, albeit an inequitable burden. What expats do have an issue with is being singled out for unnecessary waste of their time, creation of inordinate stress and taxation well beyond a US resident just because they do not have the power to challenge an indifferent IRS system. Furthermore, the IRS does not advise on important issues, and any perusal of opinions by knowledgeable international tax agents demonstrates quickly that they disagree with each other and have no rational basis with which to interpret IRS expectations until after the audit. Please use your power to address that pain. It is only fair.